

# SHIPPING REVIEW



## INTRODUCTION

Belgium is considered an enterprise-led economy and, due to its central location, highly developed transport network, and diverse industrial and commercial base, the country is a strategic hub for shortsea and feeder traffic. Belgium is a highly industrialised economy, and is a focal point for European distribution centres for the major global multi-nationals. The most industrial areas are concentrated mainly in the Flemish region in the North of the country. The country has few natural resources and therefore imports substantial quantities of raw materials and exports a large volume of manufactures. Approximately three quarters of the country's trade is with other EU countries. Belgium serves as a gateway for Irish traffic, with its extensive inland waterway, road and rail network providing access to the rest of Europe. The ports of Belgium provide a gateway to Europe and the rest of the world for Irish trade through its Shortsea and feeder links.

## TRAFFIC

### Shortsea Services

Belgium is an important hub for Irish global and European trades. The majority of traffic from Ireland to Belgium is feeder traffic, with onward destinations for the cargo. Currently there are 9 scheduled lo/lo shortsea and feeder services and 2 ro/ro operating between Ireland and the ports of Antwerp and Zeebrugge. In Belgium this represents a decline from 14 weekly services in 2008, and a weekly capacity of 8,180 TEU compared with The current capacity of 5,019 TEU. Lo/lo operators serving the Irish-Belgium market include: Eucon, MSC (via feeder), BG Freightline, Xpress Containerlines and Samskip. Cobelfret operates a weekly ro/lo service between Dublin and Zeebrugge which caters for unaccompanied freight trailers and container cargoes.

### LoLo

There have been a lot of changes to routes between Ireland and Belgium in the past year. In mid-2008 the Irish shipping sector was hit by the deepest recession in decades, forcing operators to reorganise, reduce and consolidate capacity to cater for the fall off in demand. As a result of the fall off in trade the number of services BG Freightline has made a number of changes and is continuing to make changes to its routes. In early 2009 BG Freightline reduced their capacity by 7% through the rationalisation of services and a reduction in the number of calls at ports. Having said that, BG Freightline provides 3 weekly services to Antwerp continuing their level of frequency and they have also maintained their port calls at Dublin and Cork. BG Freightline provides both a feeder and shortsea service to Belgium.

C2C's twice weekly lo/lo service from Waterford to Zeebrugge has been replaced by the new Cobelfret service from Dublin to Zeebrugge. This is a ro/lo service catering for unaccompanied freight trailers and containers. This new service has introduced additional freight capacity into the Dublin market serving the Continent.

Eucon have 2 weekly services between Dublin, Cork, Belfast and Antwerp, with a capacity of 1,398TEU this is a reduction of capacity on the routes by 3%.

Xpress Containerline's utilise a VSA with Eucon on the Dublin, Cork to Antwerp route. Both Eucon and BG Freightline provide a combined shortsea and feeder service to Antwerp connecting with the deepsea services to and from Asia and USA along with providing door-to-door services within Europe. Xpress Containerlines provides a purely feeder service to Antwerp. MSC reduced their service to Antwerp from 4 vessels with a total capacity of 4,518 TEU, to one vessel of 880 TEU at the end of 2008. This service was previously a loop service to the Mediterranean calling at the MSC's terminal in Antwerp to meet with the deepsea services to and from Asia. At the beginning of the year this was changed to a dedicated feeder service between Dublin and Antwerp meeting with the deepsea and Mediterranean service. Samskip operate a weekly service from Dublin and Cork to Zeebrugge. This is a pure door-to-door shortsea service. DFDS have recently added Zeebrugge to their Waterford – Rotterdam shortsea service, adding an extra vessel onto the route, providing a capacity of 1,007TEU twice weekly.

### RoRo

A sign of the growing importance of Belgium as part of the Irish global supply chain was underlined in October 2008 when a ro/ro operator, Cobelfret, started a weekly freight service between Rosslare, Rotterdam and Zeebrugge. A viable alternative to the UK land bridge, the service provided a direct continental link for unaccompanied freight and container traffic. This service has since been moved to Dublin with a new ship placed on the route and plans afoot to expand it to 3 vessels. It consolidates the C2C lo/lo service from Waterford into a ro/lo service from Dublin.

Grimaldi Euro-Med also operates a ro/ro service between Cork and Antwerp with an average transit time of 3 days. The Grimaldi Euro-Med service transports a combination of new cars, containers and ro/ro cargo into Ireland and mainly containers and ro/ro cargo from Ireland. They are the main transport service providers of Fiat cars bringing them into Ireland through the Port of Cork. Grimaldi Euro-Med have a terminal at the Port of Antwerp, Antwerp Euroterminal N.V., dedicated to new cars handling, container handling and ro/ro cargo handling.

Route	Operator	lo/lo ro/ro	Capacity (TEU)	Freq/ week
Dublin - Cork - Antwerp - Rotterdam	BG Freightline	lolo	750	1
Belfast - Rotterdam - Felixstowe - Antwerp	BG Freightline	lolo	707	1
Cork - Antwerp - Rotterdam	BG Freightline	lolo	480	1
Cork - Dublin - Antwerp	Eucon (service utilised by Xpress)	lolo	700	1
Dublin - Belfast - Antwerp - Radicatel	Eucon	lolo	698	1
Dublin - Belfast - Antwerp	MSC	lolo	880	1
Dublin - Cork - Zeebrugge - Rotterdam	Samskip	lolo	804	1
Dublin - Zeebrugge	Cobelfret	roro		1
Waterford – Rotterdam – Zeebrugge	DFDS	Lolo	1007	2
Esbjerg - Wallhamn - Antwerp - Southampton - Civitavecchia - Salerno - Malta - Piraeus - Izmir - Ashdod - Limassol - Alexandria - Palermo - Salerno - Savona - Setubal - Bristol	Grimaldi Euro-Med	Roro		1
<b>TOTAL</b>			<b>7,000</b>	<b>12</b>

Source: IMDO

### Belgium Ports and Hinterland Connections

More than half the traffic through Belgian ports consists of Shortsea shipping. Antwerp is among the top 10 global container ports. Belgian ports, particularly Antwerp, act as transshipment hubs for Irish cargo destined for, or coming from, the Far East, USA and Asia.

Belgium has 3 major ports that are shortsea hubs. The port of Antwerp is considered the European market leader for handling steel, project cargoes, fruit, forest products, coffee and tobacco. Antwerp has a lock at the entrance, the Berendrecht lock, with a width of 68m and a depth of 500m<sup>1</sup> through which the ships must pass to enter the port. The port has recently implemented a number of initiatives, including the new Deurganck dock, and the deepening of the River Scheldt ensuring just 353 container vessels are tide dependent, compared with the current figure of 1,234.<sup>2</sup>

During the first six months of 2009, the port of Antwerp handled just over 77 million tonnes of freight. This represents a drop of 19.9% compared with the same period last year, when the volume was more than 96 million tonnes. The volume of bulk freight fell by 18.5% in the first half of 2009, to 27.1 million tonnes. This was mainly due to the decline in dry bulk, which was down by 43.6% to 7.9 million tonnes, with ore down by 61.5%, coal by 42.8% and fertilisers by 48.9%. The volume of liquid bulk, on the other hand, remained more or less stable at 19.2 million tonnes. The volume of oil derivatives – a very important category with 12.5 million tonnes – rose by approximately 5%, although crude oil and chemicals were down by about 10%.

The container volume dropped 17.7% from more than 52 million tonnes last year to just under 43 million tonnes in the period January-June 2009. In terms of standard containers the volume was down 3.6 million TEU or 18.5%<sup>3</sup>. In the ro/ro sector the port of Antwerp experienced

a contraction of 33.1%, to 1.6 million tonnes. The number of cars also fell, by 32.5%, with 341,997 vehicles being loaded or unloaded during the first six months.

The Port of Zeebrugge is the second largest of the Belgian ports. There are services to Ireland via 2 lo/lo shortsea services operated by Samskip, DFDS and a ro/lo service operated by Cobelfret. Zeebrugge has deepsea connections with liner services such as Evergreen, CMA CGM which cater for the feeder traffic into the port from the rest of Europe. Many shortsea operators have viewed the port as a good alternative to the busy and congested ports of Antwerp and Rotterdam and it is also closer to Ireland and the UK than Antwerp or Rotterdam. Zeebrugge is a hub for car transport to Europe. Car port Zeebrugge is considered a world leader with no less than 2.2 million new cars handled in 2007. However car imports and exports have suffered considerably since the economic downturn in 2008.

In the first quarter of 2009, cargo traffic decreased by 8.1% to 9.5 million tonnes while container traffic fell by 6% to 4.9 million tonnes. 493,000 TEUs were handled; a decrease of 9.9% on the same period the previous year. Ro/ro traffic dropped by 36.1% to 2 million tonnes. In the period Jan – Jun 2009 new cars handled at the port declined by over 40% reflecting the decline in the car market globally. On the other hand liquid bulk traffic registered a remarkable growth of 38.1% (LNG). Meanwhile, conventional cargo and solid bulk registered growth of 185,000 tonnes, up 5.9% and 419,000 tonnes an increase 8% respectively.<sup>4</sup>

The port of Oostende is focused primarily on shortsea traffic with 99% of traffic shortsea in nature. There are no connections between Ireland and Oostende however

<sup>1</sup> <http://www.portofantwerp.com/>

<sup>2</sup> Lloyds list 14th march 2008

<sup>3</sup> <http://www.portofantwerp.com/>

<sup>4</sup> <http://www.zeebruggeport.be/>

the port does have ro/ro services from the UK (Ramsgate, Killingholme and Dartford). In 2007 a new double deck ro/ro berth became operational.<sup>5</sup>

### Trade

Although Belgium is the smallest member of the European Union, it is one of the world's major trading nations. Its large economy is primarily attributable to its central location and the highly industrialised Wallonia and Brussels regions. GDP growth in Belgium fell to 1.2% in 2008, with negative growth predicted for 2009 due to the Belgian economy's high dependency on trade, approximately three quarters of which is with other EU countries. In 2008 Belgium experienced a spike in inflation at 5.9% due to the boom in food and energy prices. Although prices have begun to come back down, inflation remains above the current EU average, negatively affecting the competitiveness of Belgian exports.<sup>6</sup>

Historically and geographically, Belgium has always been at the crossroads of Europe. Brussels is home to the capital of the European Union and is well positioned in the heart of Europe's most populous and prosperous region. Belgium, therefore, has always been considered a logistics hub and distribution centre for the rest of Europe and hence attracts top global companies such as Coca-Cola, Baxter Healthcare and Pfizer for their logistical operations.

Belgium is ranked third among the biggest importers of Irish goods currently just trailing behind Great Britain, receiving approximately 14.5% of Irish exports in 2007, worth over €3.1 billion to the Irish economy. The value of Irish exports to Belgium has steadily increased since 1998 yet the volume of exports has remained fairly constant. This is accredited to a shift towards higher value added Irish exports such as office machinery and medical and pharmaceutical products. In 2008 medical and pharmaceutical exports to Belgium were worth €6.3 billion, accounting for 51% of all exported goods to Belgium. Organic chemicals were the second largest export in terms of value at €4.7bn (38% of total exports to Belgium). Other exports such as office equipment, scientific apparatus and telecommunications equipment were worth considerably less amounting to €157 million (1.3%), €149 million (1.2%) and €134 million (1.1%) respectively.

As well as accounting for the bulk of Irish exports to Belgium, medical and pharmaceutical products were the highest import from Belgium making up 17% of all Belgian imports in to Ireland. There are 120 foreign pharmaceutical companies operating in Ireland and production is almost entirely destined for export. Many of these companies operate a distribution centre in Belgium from where their product is distributed to other parts of Europe. Pfizer imports and exports more pharmaceuticals in and out of Belgium than any other company because of the expansion of its distribution centres in Zaventem, Flanders.

Since 2000 the value of imports from Belgium has remained relatively constant. However, the volume of imports has increased at a steady rate from 2001 onwards due to the increasing imports of raw materials for the chemical manufacturing industry in Ireland. This is illustrated by the high value of organic chemicals imported into Ireland, reaching over €118 million in 2008. With regard to volume

of imports from Belgium, fertilisers and petroleum related products make up the largest share of imports.

Total Value of Trade between Ireland and Belgium

Year	Exports value (€000)	% Change	Imports value (€000)	% Change
1998	3,645		464	
1999	3,439	-6%	581	25%
2000	4,113	20%	902	55%
2001	4,431	8%	864	-4%
2002	13,547	206%	788	-9%
2003	10,335	-24%	751	-5%
2004	12,320	19%	933	24%
2005	13,540	10%	1,061	14%
2006	13,429	-1%	1,212	14%
2007	12,794	-5%	1,260	4%
2008	12,190	-5%	1,290	2%

Source: CSO

### Business Links

There are long established links between Ireland and Belgium with a number of agencies dedicated to promoting and developing these links. In the 1980's Ireland and Belgium signed a double taxation treaty for the avoidance of double taxation, ([www.taxireland.ie](http://www.taxireland.ie)). The Brussels – Wallonia region have a website dedicated to linking Irish and Brussels-Wallonia region businesses. It provides contacts for suppliers, potential business partners, investment information and economic and social data for either Irish or Belgian companies. The Brussels-Wallonia website also advertises any trade opportunities that arises. The most famous Irish – Belgian connection is between Ryanair and the Charleroi airport and region. The Irish company have pledged to develop their activities at the airport up to 2016.

Enterprise Ireland provides a platform for Irish businesses to develop in Belgium and Belgian businesses to develop in Ireland. The Belgium Luxembourg Chamber of Commerce in Ireland aims to assist and develop trade between Ireland and Belgium. They provide links and contact platforms such as the “Belgian Beer and Business Event” where Irish and Belgian business people come together in an informal environment and meet. They also organise seminars for example the recent Port of Cork event “How to bring your products to the heart of the European Market ... and beyond”.

The Federation of European Movers also provides direct assistance for companies to develop links and follow through with trade opportunities. There is also a network for Flemish people abroad called Club Dispora, providing a common platform for Flemish in Ireland and other European countries to exchange information.

Flanders investment and trade is another platform promoting business links and trade opportunities between

<sup>5</sup> <http://www.portofoostende.be/info/>

<sup>6</sup> IMF 2008 Article IV Consultation with Belgium, available at: <http://www.imf.org/external/np/sec/pn/2009/pn0932.htm> (accessed 28/07/09)

Ireland and Belgium. It provides an up-to-date list of companies either looking for a distribution centre in Belgium or a trading partner in Ireland. Currently there are a number of manufacturers looking for Irish distributors and partners. All information can be found through the links below.

## **Business Links:**

### **Flanders Investment and trade**

[www.flandersinvestmentandtrade.com](http://www.flandersinvestmentandtrade.com)

### **Belgium Luxembourg Chamber of Commerce Ireland**

[www.blcc.ie](http://www.blcc.ie)

### **Federation of European Movers**

**Brussels and Walloon Regions Trade offices in Dublin**

[www.brussels-wallonia.ie](http://www.brussels-wallonia.ie)

### **Enterprise Ireland**

[www.enterprise-ireland.ie](http://www.enterprise-ireland.ie)

### **Belgian Embassy Ireland**

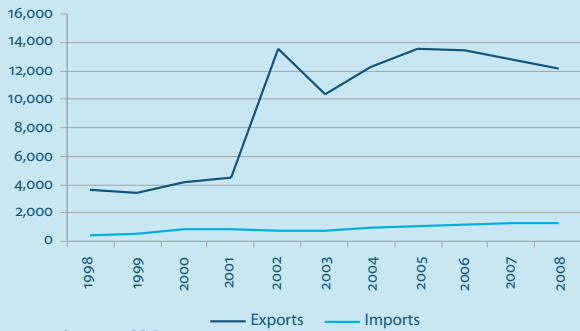
[www.diplomatie.be/dublin](http://www.diplomatie.be/dublin)

### **SPC Flanders**

[www.shortsea.be](http://www.shortsea.be)

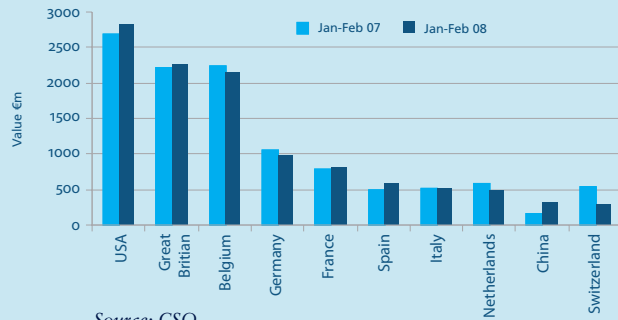
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2000 Antwerpen

### Value of Trade Between Ireland and Belgium 1998 - 2008



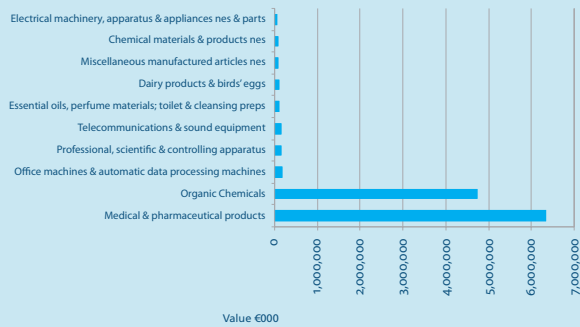
Source: CSO

### Ireland's Top 10 Trading Partners (Exports)



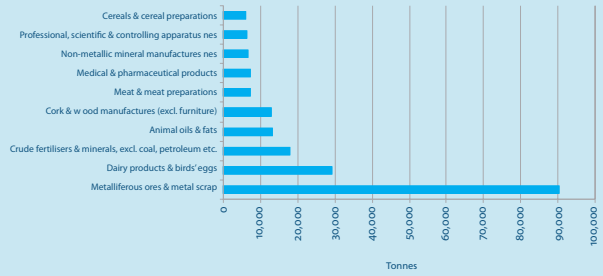
Source: CSO

### Value of Commodities Exported to Belgium 2008



Source: CSO

### Volume of Commodities Exported to Belgium 2008



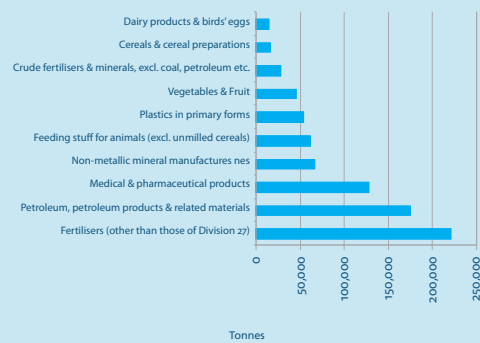
Source: CSO

### Value of Commodities Imported from Belgium 2008



Source: CSO

### Volume of Commodities Imported from Belgium 2008



Source: CSO